



4164-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA-2020-N-1692]

Generic Drug User Fee Rates for Fiscal Year 2021

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Federal Food, Drug, and Cosmetic Act (FD&C Act or statute), as amended by the Generic Drug User Fee Amendments of 2017 (GDUFA II), authorizes the Food and Drug Administration (FDA, Agency, or we) to assess and collect fees for abbreviated new drug applications (ANDAs), drug master files (DMFs), generic drug active pharmaceutical ingredient (API) facilities, finished dosage form (FDF) facilities, contract manufacturing organization (CMO) facilities, and generic drug applicant program user fees. In this document, FDA is announcing fiscal year (FY) 2021 rates for GDUFA II fees.

FOR FURTHER INFORMATION CONTACT: Andrew Bank, Office of Financial Management, Food and Drug Administration, 4041 Powder Mill Rd., Rm. 62019A, Beltsville, MD 20705-4304, 301-796-0292.

SUPPLEMENTARY INFORMATION:

I. Background

Sections 744A and 744B of the FD&C Act (21 U.S.C. 379j-41 and 379j-42) establish fees associated with human generic drug products. Fees are assessed on: (1) certain types of applications for human generic drug products; (2) certain facilities where APIs and FDFs are produced; (3) certain DMFs associated with human generic drug products; and (4) generic drug

applicants who have approved ANDAs (the program fee) (see section 744B(a)(2)-(5) of the FD&C Act).

GDUFA II provides that user fees should total \$493,600,000 annually adjusted each year for inflation. For FY 2021, the generic drug fee rates are: ANDA (\$196,868), DMF (\$69,921), domestic API facility (\$41,671), foreign API facility (\$56,671), domestic FDF facility (\$184,022), foreign FDF facility (\$199,022), domestic CMO facility (\$61,341), foreign CMO facility (\$76,341), large size operation generic drug applicant program (\$1,542,993), medium size operation generic drug applicant program (\$617,197), and small business generic drug applicant program (\$154,299). These fees are effective on October 1, 2020, and will remain in effect through September 30, 2021.

II. Fee Revenue Amount for FY 2021

GDUFA II directs FDA to use the yearly revenue amount determined under the statute as a starting point to set the fee rates for each fee type. For more information about GDUFA II, please refer to the FDA website (<https://www.fda.gov/gdufa>). The ANDA, DMF, API facility, FDF facility, CMO facility, and generic drug applicant program fee (GDUFA program fee) calculations for FY 2021 are described in this document.

The base revenue amount for FY 2021 is \$513,223,160. This is the amount calculated for the prior fiscal year, FY 2020, pursuant to the statute (see section 744B(b)(1) of the FD&C Act). GDUFA II specifies that the \$513,223,160 is to be adjusted for inflation increases for FY 2021 using two separate adjustments--one for personnel compensation and benefits (PC&B) and one for non-PC&B costs (see sections 744B(c)(1)(B) and (C) of the FD&C Act).

The component of the inflation adjustment for PC&B costs shall be one plus the average annual percent change in the cost of all PC&B paid per full-time equivalent position (FTE) at FDA for the first 3 of the 4 preceding fiscal years, multiplied by the proportion of PC&B costs to

total FDA costs of human generic drug activities for the first 3 of the preceding 4 fiscal years (see section 744B(c)(1)(B) of the FD&C Act).

Table 1 summarizes the actual cost and total FTEs for the specified fiscal years, and provides the percent change from the previous fiscal year and the average percent change over the first 3 of the 4 fiscal years preceding FY 2021. The 3-year average is 1.2644 percent.

Table 1.--FDA Personnel Compensation and Benefits (PC&B) Each Year and Percent Change				
Fiscal Year	2017	2018	2019	3-Year Average
Total PC&B	\$2,581,551,000	\$2,690,678,000	\$2,620,052,000	
Total FTEs	17,022	17,023	17,144	
PC&B per FTE	\$151,660	\$158,061	\$152,826	
Percent Change from Previous Year	2.8845	4.2206	-3.3120	1.2644

The statute specifies that this 1.2644 percent should be multiplied by the proportion of PC&B expended for human generic drug activities for the first 3 of the preceding 4 fiscal years. Table 2 shows the amount of PC&B and the total amount obligated for human generic drug activities from FY 2017 through FY 2019.

Table 2.--PC&B as a Percent of Fee Revenues Spent on the Process of Human Generic Drug Applications Over the Last 3 Years

Fiscal Year	2017	2018	2019	3-Year Average
PC&B	\$271,748,229	\$332,617,643	\$356,874,114	
Non-PC&B	\$262,058,852	\$276,911,265	\$290,439,277	
Total Costs	\$533,807,081	\$609,528,908	\$647,313,391	
PC&B Percent	50.9076	54.5696	55.1316	53.5363
Non-PC&B Percent	49.0924	45.4304	44.8684	46.4637

The payroll adjustment is 1.2644 percent multiplied by 53.5363 percent (or 0.6769 percent).

The statute specifies that the portion of the inflation adjustment for non-PC&B costs for FY 2021 is the average annual percent change that occurred in the Consumer Price Index (CPI) for urban consumers (Washington-Baltimore, DC-MD-VA-WV; not seasonally adjusted; all items; annual index) for the first 3 of the preceding 4 years of available data multiplied by the proportion of all costs other than PC&B costs to total costs of human generic drug activities (see section 744B(c)(1)(C) of the FD&C Act). As a result of a geographical revision made by the Bureau of Labor and Statistics in January 2018¹, the "Washington-Baltimore, DC-MD-VA-WV" index was discontinued and replaced with two separate indices (i.e., "Washington-Arlington-Alexandria, DC-VA-MD-WV" and "Baltimore-Columbia-Towson, MD"). In order to continue applying a CPI which best reflects the geographic region in which FDA is headquartered and which provides the most current data available, the Washington-Arlington-Alexandria index will be used in calculating the relevant adjustment factors for FY 2021 and subsequent years. Table 3 provides the summary data for the percent change in the specified CPI. The data are published by the Bureau of Labor Statistics and can be found on its website at:

https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUURS35ASA0, CUUSS35ASA0.

Table 3.--Annual and 3-Year Average Percent Change in CPI for Washington-Arlington-Alexandria Area

Year	2017	2018	2019	3-Year Average
Annual CPI	256.221	261.445	264.777	
Annual Percent Change	1.1045%	2.0389%	1.2745%	1.4726%

¹ The Bureau of Labor Statistics' announcement of the geographical revision can be viewed at <https://www.bls.gov/cpi/additional-resources/geographic-revision-2018.htm>.

To calculate the inflation adjustment for non-pay costs, we multiply the 3-year average percent change in the CPI (1.4726 percent) by the proportion of all costs other than PC&B to total costs of human generic drug activities obligated. Because 53.5363 percent was obligated for PC&B as shown in Table 2, 46.4637 percent is the portion of costs other than PC&B. The non-pay adjustment is 1.4726 percent times 46.4637 percent, or 0.6842 percent.

To complete the inflation adjustment for FY 2021, we add the PC&B component (0.6769 percent) to the non-PC&B component (0.6842 percent) for a total inflation adjustment of 1.3611 percent (rounded), and then add 1, making an inflation adjustment multiple of 1.013611. We then multiply the base revenue amount for FY 2021 (\$513,223,160) by 1.013611, yielding an inflation-adjusted amount of \$520,209,000 (rounded to the nearest thousand dollars).

III. ANDA Filing Fee

Under GDUFA II, the FY 2021 ANDA filing fee is owed by each applicant that submits an ANDA on or after October 1, 2020. This fee is due on the submission date of the ANDA. Section 744B(b)(2)(B) of the FD&C Act specifies that the ANDA fee will make up 33 percent of the \$520,209,000, which is \$171,668,970.

To calculate the ANDA fee, FDA estimated the number of full application equivalents (FAEs) that will be submitted in FY 2021. The submissions are broken down into three categories: new originals (submissions that have not been received by FDA previously); submissions that FDA refused to receive (RTR-ed) for reasons other than failure to pay fees; and applications that are resubmitted after an RTR decision for reasons other than failure to pay fees. An ANDA counts as one FAE; however, 75 percent of the fee paid for an ANDA that has been RTR-ed shall be refunded according to GDUFA II if: (1) the ANDA is refused for a cause other than failure to pay fees, or (2) the ANDA has been withdrawn prior to receipt (section

744B(a)(3)(D)(i) of the FD&C Act). Therefore, an ANDA that is considered not to have been received by FDA due to reasons other than failure to pay fees or withdrawn prior to receipt counts as one-fourth of an FAE. After an ANDA has been RTR, the applicant has the option of resubmitting. For user fee purposes, these resubmissions are equivalent to new original submissions--ANDA resubmissions are charged the full amount for an application (one FAE).

FDA utilized data from ANDAs submitted from October 1, 2018, to April 30, 2020, to estimate the number of new original ANDAs that will incur filing fees in FY 2021. For FY 2021, the Agency estimates that approximately 867 new original ANDAs will be submitted and incur filing fees. Not all of the new original ANDAs will be received by the Agency and some of those not received will be resubmitted in the same fiscal year. Therefore, the Agency expects that the FAE count for ANDAs will be 872 for FY 2021.

The FY 2021 application fee is estimated by dividing the number of FAEs that will pay the fee in FY 2021 (872) into the fee revenue amount to be derived from ANDA application fees in FY 2021 (\$171,668,970). The result, rounded to the nearest dollar, is a fee of \$196,868 per ANDA.

The statute provides that those ANDAs that include information about the production of active pharmaceutical ingredients other than by reference to a DMF will pay an additional fee that is based on the number of such active pharmaceutical ingredients and the number of facilities proposed to produce those ingredients (see section 744B(a)(3)(F) of the FD&C Act). FDA anticipates that this additional fee is unlikely to be assessed often; therefore, FDA has not included projections concerning the amount of this fee in calculating the fees for ANDAs.

IV. DMF Fee

Under GDUFA II, the DMF fee is owed by each person that owns a type II API DMF that is referenced, on or after October 1, 2012, in a generic drug submission by an initial letter of authorization. This is a one-time fee for each DMF. This fee is due on the earlier of the date on which the first generic drug submission is submitted that references the associated DMF or the date on which the DMF holder requests the initial completeness assessment. Under section 744B(a)(2)(D)(iii) of the FD&C Act, if a DMF has successfully undergone an initial completeness assessment and the fee is paid, the DMF will be placed on a publicly available list documenting DMFs available for reference.

To calculate the DMF fee, FDA assessed the volume of DMF submissions over time. The Agency assessed DMFs from October 1, 2018, to April 30, 2020, and concluded that averaging the number of fee-paying DMFs provided the most accurate model for predicting fee-paying DMFs for FY 2021. The monthly average of paid DMF submissions the Agency received in FY 2019 and FY 2020 is 31. To determine the FY 2021 projected number of fee-paying DMFs, the average of 31 DMF submissions is multiplied by 12 months, which results in 372 estimated FY 2021 fee-paying DMFs. FDA is estimating 372 fee-paying DMFs for FY 2021.

The FY 2021 DMF fee is determined by dividing the DMF target revenue by the estimated number of fee-paying DMFs in FY 2021. Section 744B(b)(2)(A) of the FD&C Act specifies that the DMF fees will make up 5 percent of the \$520,209,000, which is \$26,010,450. Dividing the DMF revenue amount (\$26,010,450) by the estimated fee-paying DMFs (372), and rounding to the nearest dollar, yields a DMF fee of \$69,921 for FY 2021.

V. Foreign Facility Fee Differential

Under GDUFA II, the fee for a facility located outside the United States and its territories and possessions shall be \$15,000 higher than the amount of the fee for a facility located in the United States

and its territories and possessions. The basis for this differential is the extra cost incurred by conducting an inspection outside the United States and its territories and possessions.

VI. FDF and CMO Facility Fees

Under GDUFA II, the annual FDF facility fee is owed by each person who owns an FDF facility that is identified in at least one approved generic drug submission owned by that person or its affiliates. The CMO facility fee is owed by each person who owns an FDF facility that is identified in at least one approved ANDA but is not identified in an approved ANDA held by the owner of that facility or its affiliates. These fees are due no later than the first business day on or after October 1 of each such year. Section 744B(b)(2)(C) of the FD&C Act specifies that the FDF and CMO facility fee revenue will make up 20 percent of the \$520,209,000, which is \$104,041,800.

To calculate the fees, data from FDA's Integrity Services (IS) were utilized as the primary source of facility information for determining the denominators of each facility fee type. IS is the master data steward for all facility information provided in generic drug submissions received by FDA. A facility's reference status in an approved generic drug submission is extracted directly from submission data rather than relying on data from self-identification. This information provided the number of facilities referenced as FDF manufacturers in at least one approved generic drug submission. Based on FDA's IS data, the FDF and CMO facility denominators are 188 FDF domestic, 278 FDF foreign, 92 CMO domestic, and 111 CMO foreign facilities for FY 2021.

GDUFA II specifies that the CMO facility fee is to be equal to one-third the amount of the FDF facility fee. Therefore, to generate the target collection revenue amount from FDF and CMO facility fees (\$104,041,800), FDA must weight a CMO facility as one-third of an FDF facility. FDA set fees based on the estimate of 188 FDF domestic, 278 FDF foreign, 30.67 CMO domestic (92 multiplied by one-third), and 37 CMO foreign facilities (111 multiplied by one-third), which equals 533.67 total weighted FDF and CMO facilities for FY 2021.

To calculate the fee for domestic facilities, FDA first determines the total fee revenue that will result from the foreign facility differential by subtracting the fee revenue resulting from the foreign facility fee differential from the target collection revenue amount (\$104,041,800) as follows. The foreign facility fee differential revenue equals the foreign facility fee differential (\$15,000) multiplied by the number of FDF foreign facilities (278) plus the foreign facility fee differential (\$15,000) multiplied by the number of CMO foreign facilities (111), totaling \$5,835,000. This results in foreign fee differential revenue of \$5,835,000 from the total FDF and CMO facility fee target collection revenue. Subtracting the foreign facility differential fee revenue (\$5,835,000) from the total FDF and CMO facility target collection revenue (\$104,041,800) results in a remaining facility fee revenue balance of \$98,206,800. To determine the domestic FDF facility fee, FDA divides the \$98,206,800 by the total weighted number of FDF and CMO facilities (533.67), which results in a domestic FDF facility fee of \$184,022. The foreign FDF facility fee is \$15,000 more than the domestic FDF facility fee, or \$199,022.

According to GDUFA II, the domestic CMO fee is calculated as one-third the amount of the domestic FDF facility fee. Therefore, the domestic CMO fee is \$61,341, rounded to the nearest dollar. The foreign CMO fee is calculated as the domestic CMO fee plus the foreign fee differential of \$15,000. Therefore, the foreign CMO fee is \$76,341.

VII. API Facility Fee

Under GDUFA II, the annual API facility fee is owed by each person who owns a facility that is identified in: (1) at least one approved generic drug submission or (2) in a Type II API DMF referenced in at least one approved generic drug submission. These fees are due no later than the first business day on or after October 1 of each such year. Section 744B(b)(2)(D) of the FD&C Act specifies the API facility fee will make up 7 percent of \$520,209,000 in fee revenue, which is \$36,414,630.

To calculate the API facility fee, data from FDA's IS were utilized as the primary source of facility information for determining the denominator. As stated above, IS is the master data steward for

all facility information provided in generic drug submissions received by FDA. A facility's reference status in an approved generic drug submission is extracted directly from submission data rather than relying on data from self-identification. This information provided the number of facilities referenced as API manufacturers in at least one approved generic drug submission.

The total number of API facilities identified was 664; of that number, 81 were domestic and 583 were foreign facilities. The foreign facility differential is \$15,000. To calculate the fee for domestic facilities, FDA must first subtract the fee revenue that will result from the foreign facility fee differential. FDA takes the foreign facility differential (\$15,000) and multiplies it by the number of foreign facilities (583) to determine the total fee revenue that will result from the foreign facility differential. As a result of that calculation, the foreign fee differential revenue will make up \$8,745,000 of the total API fee revenue. Subtracting the foreign facility differential fee revenue (\$8,745,000) from the total API facility target revenue (\$36,414,630) results in a remaining balance of \$27,669,630. To determine the domestic API facility fee, we divide the \$27,669,630 by the total number of facilities (664), which gives us a domestic API facility fee of \$41,671. The foreign API facility fee is \$15,000 more than the domestic API facility fee, or \$56,671.

VIII. Generic Drug Applicant Program Fee

Under GDUFA II, if a person and its affiliates own at least one but not more than five approved ANDAs on October 1, 2020, the person and its affiliates shall owe a small business GDUFA program fee. If a person and its affiliates own at least six but not more than 19 approved ANDAs, the person and its affiliates shall owe a medium size operation GDUFA program fee. If a person and its affiliates own at least 20 approved ANDAs, the person and its affiliates shall owe a large size operation GDUFA program fee. These fees are due no later than

the first business day on or after October 1 of each such year. Section 744B(b)(2)(E) of the FD&C Act specifies the GDUFA program fee will make up 35 percent of \$520,209,000 in fee revenue, which is \$182,073,150.

To determine the appropriate number of parent companies for each tier, the Agency asked companies to claim their ANDAs and affiliates in the Center for Drug Evaluation and Research (CDER) NextGen Portal. The companies were able to confirm relationships currently present in the Agency's records, while also reporting newly approved ANDAs, newly acquired ANDAs, and new affiliations.

In determining the appropriate number of approved ANDAs, the Agency has factored in a number of variables that could affect the collection of the target revenue: (1) Inactive ANDAs-- applicants who have not submitted an annual report for one or more of their approved applications within the past 2 years; (2) FY 2018 Program Fee Arrears List-- applicants who failed to satisfy the FY 2018 program fee and were unresponsive to attempts to collect; (3) Center for Biologics Evaluation and Research (CBER) approved ANDAs-- applicants and their affiliates with CBER-approved ANDAs in addition to CDER's approved ANDAs; (4) Withdrawals of approved ANDAs by April 1st-- applicants who have submitted a written request for withdrawal of approval by April 1st of the previous fiscal year; and (5) Abbreviated Antibiotic Applications (AADA) conversions-- ANDAs (previously AADAs) for bulk antibiotic drug substance converted and refiled as DMFs. The list of original approved ANDAs from the Generic Drug Review Platform as of April 30, 2020, shows 283 applicants in the small business tier, 67 applicants in the medium size tier, and 73 applicants in the large size tier. Factoring in all the variables for the fourth year of GDUFA II, the Agency estimates there will be 220

applicants in the small business tier, 60 applicants in the medium size tier, and 72 applicants in the large size tier for FY 2021.

To calculate the GDUFA program fee, GDUFA II provides that large size operation generic drug applicants pay the full fee, medium size operation applicants pay two-fifths of the full fee, and small business applicants pay one-tenth of the full fee. To generate the target collection revenue amount from GDUFA program fees (\$182,073,150), we must weigh medium and small tiered applicants as a subset of a large size operation generic drug applicant. FDA will set fees based on the weighted estimate of 22.00 applicants in the small business tier (220 multiplied by 10 percent), 24.00 applicants in the medium size tier (60 multiplied by 40 percent), and 72 applicants in the large size tier, arriving at 118 total weighted applicants for FY 2021.

To generate the large size operation GDUFA program fee, FDA divides the target revenue amount of \$182,073,150 by 118, which equals \$1,542,993. The medium size operation GDUFA program fee is 40 percent of the full fee (\$617,197), and the small business operation GDUFA program fee is 10 percent of the full fee (\$154,299).

IX. Fee Schedule for FY 2021

The fee rates for FY 2021 are set out in Table 4.

Table 4.--Fee Schedule for FY 2021

Fee Category	Fees Rates for FY 2021
Applications	
Abbreviated New Drug Application (ANDA)	\$196,868
Drug Master File (DMF)	\$69,921
Facilities	
Active Pharmaceutical Ingredient (API) Domestic	\$41,671
API--Foreign	\$56,671
Finished Dosage Form (FDF)--Domestic	\$184,022
FDF--Foreign	\$199,022

Contract Manufacturing Organization (CMO)--Domestic	\$61,341
CMO--Foreign	\$76,341
GDUFA Program	
Large size operation generic drug applicant	\$1,542,993
Medium size operation generic drug applicant	\$617,197
Small business operation generic drug applicant	\$154,299

X. Fee Payment Options and Procedures

The new fee rates are effective October 1, 2020. To pay the ANDA, DMF, API facility, FDF facility, CMO facility, and GDUFA program fees, a Generic Drug User Fee Cover Sheet must be completed, available at <https://www.fda.gov/gdufa> and https://userfees.fda.gov/OA_HTML/gdufaCAcdLogin.jsp, and a user fee identification (ID) number must be generated. Payment must be made in U.S. currency drawn on a U.S. bank by electronic check, check, bank draft, U.S. postal money order, credit card, or wire transfer. The preferred payment method is online using electronic check (Automated Clearing House (ACH), also known as eCheck) or credit card (Discover, VISA, MasterCard, American Express). FDA has partnered with the U.S. Department of the Treasury to utilize Pay.gov, a web-based payment application, for online electronic payment. The Pay.gov feature is available on the FDA website after completing the Generic Drug User Fee Cover Sheet and generating the user fee ID number. Secure electronic payments can be submitted using the User Fees Payment Portal at <https://userfees.fda.gov/pay>. (Note: only full payments are accepted; no partial payments can be made online.) Once an invoice is located, "Pay Now" should be selected to be redirected to *Pay.gov*. Electronic payment options are based on the balance due. Payment by credit card is available for balances less than \$25,000. If the balance exceeds this amount, only the ACH

option is available. Payments must be made using U.S bank accounts as well as U.S. credit cards.

The user fee ID number must be included on the check, bank draft, or postal money order and must be made payable to the order of the Food and Drug Administration. Payments can be mailed to: Food and Drug Administration, P.O. Box 979108, St. Louis, MO 63197-9000. If checks are to be sent by a courier that requests a street address, the courier can deliver checks to: U.S. Bank, Attention: Government Lockbox 979108, 1005 Convention Plaza, St. Louis, MO 63101. (Note: This U.S. Bank address is for courier delivery only. For questions concerning courier delivery, U.S. Bank can be contacted at 314-418-4013. This telephone number is only for questions about courier delivery.) The FDA post office box number (P.O. Box 979108) must be written on the check, bank draft, or postal money order.

For payments made by wire transfer, the unique user fee ID number must be referenced. Without the unique user fee ID number, the payment may not be applied. If the payment amount is not applied, the invoice amount will be referred to collections. The originating financial institution may charge a wire transfer fee. Applicable wire transfer fees must be included with payment to ensure fees are fully paid. Questions about wire transfer fees should be addressed to the financial institution. The following account information should be used to send payments by wire transfer: U.S. Department of the Treasury, TREAS NYC, 33 Liberty St., New York, NY 10045, account number: 75060099, routing number: 021030004, SWIFT: FRNYUS33. FDA's tax identification number is 53-0196965.

Dated: July 28, 2020.

Lauren K. Roth,

Associate Commissioner for Policy.

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